

RESOLUTION NO. 74464

A RESOLUTION OF THE COUNCIL OF THE CITY SAN JOSÉ APPROVING AN INCREASE OF \$687,108 IN THE PERMANENT LOAN AMOUNT RESULTING IN A TOTAL PERMANENT LOAN OF \$16,232,773 TO EVANS LANE APARTMENTS, L.P. FOR THE LAS VENTANAS APARTMENTS AND APPROVING A LOAN TO VALUE (LTV) OF APPROXIMATELY 110% AS AN EXCEPTION TO THE CITY COUNCIL POLICY LIMITING LTV TO 100%

WHEREAS, on October 8, 2002, the City of San José (“City”) issued the 2002H Bonds, the proceeds of which were loaned to Evans Lane Apartments, L.P. (“Borrower”) to finance the construction of a 239-unit multifamily housing development, then known as Evans Lane Apartments (renamed to Las Ventanas Apartments) located at 1848 Evans Lane in San José (“Development”); and

WHEREAS, the City’s Housing Department has previously funded a grant of \$4,025,000 and a construction loan of \$19,395,949 (“City Loan”) for the Development, that required the Borrower pay interest during construction and pay down the City Loan principal to a permanent loan amount of \$15,545,665 at the time the Development converted to the permanent phase; and

WHEREAS, due to higher development costs, longer lease-up period and lower rents, Borrower owes approximately \$2.5 million of interest that has accrued on the City Loan during construction; and

WHEREAS, Borrower intends to use tax credit equity to reduce the City Loan to \$15,545,665, and the Borrower has requested that the City increase the permanent loan amount by \$687,108 to cover a portion of the accrued but unpaid interest during construction; and

WHEREAS, City desires to approve an increase of \$687,108 in the City's permanent loan amount resulting in a total permanent loan amount of \$16,232,773 to Evans Lane Apartments, L.P. for the Las Ventanas Apartments;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

An increase of \$687,108 in the City of San José's permanent loan amount resulting in a total permanent loan amount of \$16,232,773 to Evans Lane Apartments, L.P. for the Las Ventanas Apartments, and an LTV of approximately 110% as an exception to the City Council policy limiting LTV to 100%, as more specifically set forth in the Director of Housing report dated June 2, 2008, is hereby approved.

ADOPTED this 24th day of June 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,
NGUYEN, OLIVERIO, PYLE, WILLIAMS; REED.

NOES: NONE.

ABSENT: CONSTANT.

DISQUALIFIED: NONE.

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk